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Clayton A. Davis

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EXAMINER

VEZERIS, JAMES A

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PAPER

Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

Office Action Summary	Application No. 10/785,415	Applicant(s) DAVIS, CLAYTON A.	
	Examiner JAMES A. VEZERIS	Art Unit 3693	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 15 July 2008.
- 2a) ☒ This action is **FINAL**. 2b) ☐ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 1-23 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 1-23 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on _____ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some * c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
 2. ☐ Certified copies of the priority documents have been received in Application No. _____.
 3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- | | |
|--|---|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892) | 4) <input type="checkbox"/> Interview Summary (PTO-413) |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948) | Paper No(s)/Mail Date. _____ |
| 3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO/SB/08) | 5) <input type="checkbox"/> Notice of Informal Patent Application |
| Paper No(s)/Mail Date _____ | 6) <input type="checkbox"/> Other: _____ |

Final Rejection

1. **THIS ACTION IS MADE FINAL.** Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire THREE MONTHS from the mailing date of this action. In the event a first reply is filed within TWO MONTHS of the mailing date of this final action and the advisory action is not mailed until after the end of the THREE-MONTH shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than SIX MONTHS from the mailing date of this final action.

Response to Applicant's Arguments

2. Examiner notes that the restriction dated 2/11/2008 has been withdrawn and claims 1-23 are still pending.
3. The objections to claims 1 and 10 have been withdrawn in view of the amendment dated 7/15/2008.
4. In response to the applicant's argument that Schloss and Savage do not teach tax-exempt bonds are in a single trust, examiner points the applicant to paragraphs 76-79 of Schloss and well as the Savage article. Focusing on Claim 1, Schloss teaches a single trust which issues classes of securities. Savage teaches a tax-exempt class of bonds in a fund. Examiner, as stated in the non-final rejection, believes it is obvious to

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one skilled in the art to combine Schloss and Savage, to create classes of securities based on tax-exempt bond trust. Looking at the Strong Short-Term Municipal Bond Fund stated in Savage, it would be obvious to apply the same strategy of creating a tax-exempt fund, into a tax-exempt trust for tax purposes as explained in paragraphs 75-77 of Schloss.

5. In response to applicant's argument that the references fail to show certain features of applicant's invention, it is noted that the features upon which applicant relies (i.e., guarantee feature) are not recited in the rejected claim(s). Although the claims are interpreted in light of the specification, limitations from the specification are not read into the claims. See *In re Van Geuns*, 988 F.2d 1181, 26 USPQ2d 1057 (Fed. Cir. 1993). Examiner's rejection, as explained in an interview, is based on the guarantee that senior tranche securities are paid off before those of junior tranche securities. The capital raised in issuing the junior tranche is used as collateral for paying off senior tranches first.

6. Applicant's arguments with respect to claims 2 and 6 have been considered but are moot in view of the new ground(s) of rejection.

7. Applicant's arguments with respect to claims 3 and 7 have been considered but are moot in view of the new ground(s) of rejection.

8. Applicant's arguments with respect to claims 4 and 8 have been considered but are moot in view of the new ground(s) of rejection.

9. Applicant's arguments with respect to claim 10 has been considered but is moot in view of the new ground(s) of rejection.

Detailed Rejection

Claim Rejections- 35 U.S.C. 103(a)

10. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

11. Claims 1, 5, 9, 10, and 12-23 are rejected under 35 U.S.C. 103(a) as being unpatentable over US-PG Pub 2002/0065753 to Schloss et al. (Hereinafter "Schloss") in view of Savage an attractive option, but beware of risks. (Hereinafter "Savage")

Regarding Claims 1, 5, 9, 10, 21, 22, and 23.

Schloss teaches:

based on the single trust, establishing, at the processor, a senior class of securities, such that the senior class of securities includes a guarantee feature;(Paragraph 76)

based on the single trust, establishing, at the processor, a junior class of securities, such that the junior class of securities serves as collateral; (Paragraph 76)

issuing the senior class of securities and the junior class of securities, such that the junior and senior classes of securities are backed by the assets of the single trust. (Paragraphs 76-79)

Examiner notes that capital raised in issuing the junior tranche is used as collateral for paying off senior tranches first in the case of default.

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Schloss fails to teach that tax-exempt bonds are in a single trust;

Savage teaches tax-exempt bonds are in a single fund; (See Savage)

Schloss then teaches taking the tax-exempt fund and turning it into a single trust.

(Paragraph 76)

It would be obvious to one skilled in the art to combine Schloss and Savage.

There is motivation to combine Schloss and Savage because by offering tax-exempt securities Schloss will be able to benefit from the tax benefits taught in Savage.

Regarding Claim 12.

Schloss further teaches using, as the guarantee feature, a promise to repay.

(Paragraph 76)

Regarding Claim 13.

Schloss further teaches establishing the senior class, such that the senior class includes a liquidity feature. (Paragraph 77)

Regarding Claim 14.

Schloss further teaches establishing the junior class to serve as collateral for the senior class failing to satisfy the guarantee feature. (Paragraph 76)

Regarding Claim 15.

Schloss further teaches selling the senior class of securities. (Paragraph 76)

Regarding Claim 16.

Schloss fails to further teach holding, in the single trust, a plurality of tax-exempt bonds.

Savage teaches holding, in the single fund, a plurality of tax-exempt bonds.

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It is obvious for one skilled in the art at the time of the invention to combine Schloss and Savage, to create a single trust, comprised of a plurality of tax-exempt bonds.

There is motivation to do so because Schloss is already set up to utilize a trust, and by using the fund described in Savage obvious tax advantages would be realized.

Regarding Claim 17.

Schloss fails to further teach holding, in the single trust, interest in a plurality of tax-exempt bonds.

Savage teaches holding, in the single fund, interest in a plurality of tax-exempt bonds.

It is obvious for one skilled in the art at the time of the invention to combine Schloss and Savage, to create a single trust of tax-exempt bonds.

There is motivation to do so because Schloss is already set up to utilize a trust, and by using the fund described in Savage obvious tax advantages would be realized as well as interest advantages.

Regarding Claim 18.

Schloss fails to further teach holding, in the single trust, a plurality of municipal bonds.

Savage teaches holding, in the single fund, a plurality of municipal bonds.

It is obvious for one skilled in the art at the time of the invention to combine Schloss and Savage, to create a single fund containing a plurality of municipal bonds.

There is motivation to do so because Schloss is already set up to utilize a trust, and by using the fund described in Savage obvious tax advantages would be realized as well as interest advantages.

Regarding Claim 19.

Schloss further teaches:

holding, in the single trust, a plurality of taxable bonds. (Paragraph 76)

Regarding Claim 20.

Schloss further teaches establishing the senior class of securities comprises:

establishing the senior class by establishing a first percentage representative of securities that serve as the senior class and a second percentage representative of securities that serve as the junior class. (Paragraph 76)

12. Claims 2 and 6 are rejected under 35 U.S.C. 103(a) as being unpatentable over Schloss in view of US PG-Pub 2002/0055897 to Shidler et al. (Hereinafter "Shidler")

Regarding Claims 2 and 6.

Schloss teaches:

based on the single trust, establishing a senior class of tax-exempt securities, such that the senior class of securities includes a guarantee feature; and(Paragraphs 76-79)

based on the single trust, establishing, at a processor, a junior class of tax-exempt securities, such that the junior class of securities serves as collateral for defaults associated with the senior class of securities, (Paragraphs 76-79)

Schloss fails to teach the guarantee feature includes at least one of:

a credit enhancement guarantee that guarantees income to the senior class of securities when the tax-exempt securities default, wherein the credit enhancement guarantee is made by an entity other than the single trust, and

a liquidity guarantee that guarantees re-purchase of the senior class of securities.

Shidler teaches a credit enhancement guarantee that guarantees income to the senior class of securities when the tax-exempt securities default, wherein the credit enhancement guarantee is made by an entity other than the single trust, and

a liquidity guarantee that guarantees re-purchase of the senior class of securities. (Abstract)

It is obvious for one skilled in the art at the time of the invention to combine Schloss and Shidler, to guarantee income to a senior class and to provide a liquidity guarantee to a senior class.

There is motivation to do so because Schloss is already set up to utilize a trust which issues bonds. The bonds, being backed by credit swaps, taught in Shindler, provide protection for the senior class of bonds issued.

13. Claims 3 and 7 are rejected under 35 U.S.C. 103(a) as being unpatentable over Schloss in view of US PG-Pub 2002/0198808 to Myers. (Hereinafter "Myers")

Regarding Claims 3 and 7.

Schloss teaches:

based on a single trust, establishing a senior class of securities, such that the senior class of securities includes a guarantee feature; (Paragraphs 76-79)

based on the single trust, establishing, at a processor, a junior class of securities, such that the junior class of securities serves as collateral for the senior class of securities; and(Paragraphs 76-79)

issuing the senior class of securities and the junior class of securities, such that the junior and senior classes of securities are backed by the single trust, (Paragraphs 76-79)

Schloss fails to teach the junior class of securities receives excess income including a spread between an interest rate paid to the senior class of securities and an interest rate received on the securities.

Myers teaches the junior class of securities receives excess income including a spread between an interest rate paid to the senior class of securities and an interest rate received on the securities. (Paragraph 53)

It is obvious for one skilled in the art at the time of the invention to combine Schloss and Myers, to guarantee income to a senior class and to provide excess income including a spread between interest rate to a senior class and interest rate received to a junior class.

There is motivation to do so because Schloss is already set up to utilize a trust which issues bonds. The bonds, which are formed into tranches, guarantees payment to

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a senior class, and then to boost confidence in junior tranches promises to pay a spread rate.

14. Claims 4 and 8 are rejected under 35 U.S.C. 103(a) as being unpatentable over Schloss in view of Savage in further view of US Patent 7,266,524 to Butcher.

(Hereinafter "Butcher")

Regarding Claims 4 and 8.

Schloss teaches:

based on the single trust, establishing, at the processor, a senior class of tax-exempt securities; (Paragraphs 76-79)

based on the single trust, establishing, at the processor, a junior class of tax-exempt securities; (Paragraphs 76-79)

issuing the senior class and the junior class, such that the junior and senior classes are backed by the single trust, and (Paragraphs 76-79)

Schloss fails to teach receiving an indication, at a processor, that tax-exempt bonds are in a single trust;

Savage teaches receiving an indication, at a processor, that tax-exempt bonds are in a single trust;

Schloss and Savage fail to teach stopping income payment to the junior class until the single trust has been reimbursed for one or more payments made under a guarantee.

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Butcher teaches stopping income payment to the junior class until the single trust has been reimbursed for one or more payments made under a guarantee. (See Columns 1-3)

It is obvious for one skilled in the art at the time of the invention to combine Schloss and Savage and Butcher, to guarantee income to a senior class by freezing repayment to a junior class.

There is motivation to do so because Schloss is already set up to utilize a trust which issues bonds. The bonds, being of different classes, provide protection for the senior class by assuring their payment first.

15. Claim 11 is rejected under 35 U.S.C. 103(a) as being unpatentable over Schloss in view of Official Notice.

Regarding Claim 11.

Schloss fails to further teach using, as the single trust, a virtual trust.

However, Official Notice is taken that at the time of the invention virtual accounts (internet based) were old and well known.

It would be obvious to combine Schloss in view of Official Notice.

There is motivation to do so because it allows Schloss to function on a computer, where the account can be accessed anywhere.

Conclusion

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Any inquiry concerning this communication or earlier communications from the examiner should be directed to JAMES A. VEZERIS whose telephone number is (571)270-1580. The examiner can normally be reached on Monday-alt. Fridays 7:30am-5:00pm.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, James Kramer can be reached on 571-272-6803. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

/James A. Kramer/
Supervisory Patent Examiner, Art Unit 3693

/JAMES A VEZERIS/
Examiner, Art Unit 3693

10/27/2008